

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 11844 010653Z

12

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

      DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /032 W

----- 033399

R 311750Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3394

LIMITED OFFICIAL USE LONDON 11844

E.O. 11652: N/A

TAGS: EAIR, UK

SUBJ: CIVAIR - PAN AM AGENT COMMISSION CONTROVERSY  
      AND SEABOARD CARGO ROUTING PROBLEM

REF: LONDON 11648

1. WE SPOKE TO KEMMIS, DEPT. OF TRADE, CONCERNING DOT INTENTIONS WITH REGARD TO COMMISSION CONTROVERSY NOW THAT COURT OF APPEALS HAD DECIDED IN FAVOR OF DOT AND AGAINST PANAM. KEMMIS SAID THEY WERE STUDYING SITUATION BUT HAD NOT YET MADE ANY DECISIONS ON NEXT STEP. HE SAID FROM STRICT LEGAL STANDPOINT, COURT'S DECISION MEANS THAT PANAM HAS BEEN OPERATING IN VIOLATION OF ITS PERMIT AND TECHNICALLY OUTSIDE UK LAW SINCE MAY 26. FROM PRACTICAL STANDPOINT, HOWEVER, HE BELIEVES INITIATIVE RESTS WITH DOT TO DECIDE COURSE OF ACTION IT WILL FOLLOW AND HE WOULD NOT EXPECT PANAM TO TAKE ANY ACTION ON AGENTS COMMISSIONS UNTIL IT HAS HEARD FURTHER FROM DOT.

2. WE TOLD KEMMIS WE WOULD CERTAINLY EXPECT THAT ANY ACTION UK DECIDES UPON WOULD TAKE INTO ACCOUNT US/UK JOINT STATEMENT OF LAST MAY AND THE CHANGED SITUATION IN MARKET WHERE MULTIPLICITY OF COMMISSION PLANS HAVE NOW BEEN IMPLEMENTED. IN VIEW OF LATTER CIRCUMSTANCE, WE SAID, DOT WOULD HAVE TO BE CAREFUL NOT TO REQUIRE PANAM TO TAKE AN ACTION WHICH WOULD PUT THEM AT COMPETITIVE DISADVANTAGE. KEMMIS SAID DOT NOT TOO CONCERNED

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 11844 010653Z

TIVE DISADVANTAGE. KEMMIS SAID DOT NOT TOO CONCERNED

ABOUT THIS BECAUSE PANAM'S OPENING MOVE IN COMMISSION CONTROVERSY HAD DISADVANTAGED BRITISH AIRWAYS AND OTHERS. WE DISAGREED AND WARNED KEMMIS THAT ANY ACTION BY DOT THAT WOULD DISCRIMINATE AGAINST PANAM COULD PROVOKE SERIOUS PROBLEM WITH USG.

3. WE ASKED KEMMIS ABOUT IMPLICATIONS OF PANAM COURT DECISION FOR SEABOARD CASE. KEMMIS SAID IN PANAM CASE COURT RULED THAT TRADE SECRETARY CAN WRITE ANY CONDITION INTO AN OPERATING PERMIT PROVIDED HE ACTS REASONABLY. SINCE HIGH COURT HELD THAT LANGUAGE IN SEABOARD'S PERMIT DID NOT REQUIRE LANDING AT LONDON ON SERVICES BOTH TO AND FROM BLIND SECTOR POINTS, KEMMIS SAID, DOT WAS CONSIDERING RE-WRITING OPERATING PERMIT TO MAKE THAT REQUIREMENT EXPLICIT.

4. WE REMINDED KEMMIS THAT USG HAD NEVER ACCEPTED UK VIEW IN SEABOARD ROUTING ISSUE AND THAT HIGH COURT HAD NOW HANDED DOWN A DECISION WHICH CONFIRMED US VIEW ON THIS ISSUE. IN LIGHT OF HIGH COURT RULING, WE SAID USG WOULD BE LIKELY TO REGARD IMPOSITION BY DOT OF DISPUTED CONDITION IN SEABOARD PERMIT AS A DELIBERATE, POSSIBLY WILLFUL VIOLATION OF US/UK AIR SERVICES AGREEMENT.

5. KEMMIS SAID NO DECISIONS HAD BEEN TAKEN ON PANAM OR SEABOARD ISSUES AND HE ASSURED US THAT OUR VIEWS WOULD BE GIVEN VERY CAREFUL CONSIDERATION. WE HAVE BEEN ATTEMPTING, THUS FAR WITHOUT SUCCESS, TO GET IN TOUCH WITH ROGERS, DOT, FOR FURTHER CLARIFICATION OF UK INTENTIONS AND TO SEE WHETHER DOT IS INDEED SERIOUSLY CONSIDERING POSSIBILITY OF ACTION THAT MIGHT PUT PANAM AT COMPETITIVE DISADVANTAGE OR CONDITIONING OF SEABOARD PERMIT IN MANNER THAT WOULD BE INCONSISTENT WITH AGREEMENT.

RICHARDSON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, TRIALS, AVIATION REGULATIONS, COURT DECISIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON11844  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750265-0843  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t1975074/aaaaadpq.tel  
**Line Count:** 97  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 LONDON 11648  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 JUN 2003 by BoyleJA>; APPROVED <06 NOV 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR - PAN AM AGENT COMMISSION CONTROVERSY AND SEABOARD CARGO ROUTING PROBLEM  
**TAGS:** EAIR, UK, PANAM  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006